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THE POLITICS OF DEFENSE SPENDING IN CONSERVATIVE JAPAN

Hideo Otake
Tohoku University

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I. INTRODUCTION

There is wide agreement among scholars and journalists that budget making in Japan is quite institutionalized, with decisions being made almost exclusively through negotiations between the Finance Ministry and the ministry concerned. Intervention by the Liberal Democratic Party (LDP, the party in power since 1955), it is argued, is marginal. While each ministry does try to mobilize the support of concerned policy groups within the LDP, and although these groups sometimes succeed in wielding influence at the first stage of budget making, most LDP Diet members are more interested in attaining specific favors for their constituencies and business supporters than in making general policies. In order to please his constituents, every Dietman seeks to get for his election district as much funding as possible for highways, railroads, schools and welfare facilities. In short, the budget-making process reflects many of the characteristics of Japanese politics in general. In his pioneering study on Japanese policy-making, Misawa Sigeo wrote:

As the keystone of the policy-making structure, the LDP should strike a balance between the Diet and the cabinet-bureaucracy, but because of its weak and elastic character, it fails to function as such. As a result, even after the 1955 merger (of the two conservative parties), the basis of the policy-making structure continues to be bureaucracy... A further complication is that the LDP tends to get too deeply involved in the minor details of administrative proposals which should be left to the bureaucracy. Diet members and factions of the LDP try to influence bureaucrats in an attempt to gain privileges and subsidies for their constituents and interest groups, expecting in return votes and campaign funds; they thus turn the central bureaucracy into an agent for expanding party strength.¹

Another Japanese scholar, Kawanaka Niko, wrote:

In Japan, administrators are deeply involved in the political activities of the government; "professional" administrators recommend policies, see to it that they are adopted, integrate them, and move them forward... Thus, (policies) are manipulated behind the doors of ministry offices.²

In place of the LDP leadership, the Ministry of Finance (MOF) has to assume the responsibility for interest aggregation and the setting of priorities among the numerous proposals made by the various ministries. This explains the preeminent position of the Finance Ministry in Japanese politics.

Two objections can be raised to the above view on Japanese policy-making in general, and budget-making in particular. First, many LDP Diet members, having assumed administrative responsibilities during the long period of one-party domination (over twenty five years), have acquired expertise as well as interests in policy questions. They have been appointed as ministers, vice-ministers and chairmen of Diet committees, which provides them experience and, therefore, training. Their interests in the policy issues of a particular ministry continue to be strong even after their appointments have ended. And, as Muramatsu Michio has pointed out, they have acquired skill in dealing with, and manipulating, public officials to make their preferences prevail.³ The increasing influence of the LDP in this respect is most clearly seen in the active participation of the committees of the LDP Policy Affairs Research Council in policy making. The leading positions in these committees are held mostly by ex-ministers. These committees, working through the policy-making structure of the LDP as well as through informal channels to the bureaucracy and top

governmental leaders, wield considerable influence on decision making within a ministry and that among the ministries.

Secondly, there are a few issue areas that the top leadership of the LDP considers too important to be left to the bureaucracy. These issues are usually concerned with ideological issues that could provoke severe opposition in the Diet and among the public: internal security, defense policy, constitutional revision of the status of the Emperor. Macro-budgeting as well as tax increases, although less ideological, are included in this category because they are regarded as being directly related to the rise and fall of party fortunes. The defense budget, if related to a tax increase, is one of the most sensitive issues in this respect.

Due to their close daily contacts with constituents, party politicians usually have a more sensitive understanding of public opinion than non-elected public officials. The former are also responsible for the smooth functioning of the Diet, whose time schedule is often disrupted by opposition parties. Thus, LDP Dietmen are also more sensitive to the viewpoints of the opposition than public officials are. In addition, top party leaders keep a careful eye on the results of elections, both national and local, which serve as indicators of changing public opinion. LDP politicians are confident of their own assessment of the political climate of the nation. Hence, they take the initiative in controversial issues, while leaving technical issues to the bureaucracy. Without this sensitivity and pragmatism, the conservative party could not have maintained its power for more than a quarter century. On the other hand, public officials in post-war Japan have accepted the legitimacy of party government and

are ready to accede to party politicians' views, when the latter express an explicit policy preference. Moreover, public officials tend to refrain from becoming involved in controversial issues, which might damage their career opportunities. As a result, the LDP's influence prevails on ideological issues. As for budget making, the Prime Minister and the Finance Minister (both are party leaders) assume the responsibility for integrating the party's preferences and making the final decision on controversial items.

This paper will apply the above arguments in an attempt to analyze the budget-making process for fiscal 1981, with a focus on defense expenditures, and to evaluate the party's role and its influence vis-a-vis the various bureaucracies in the Japanese political system.

II. THE MAKING OF THE DEFENSE BUDGET FOR FISCAL YEAR 1981

Appendix A presents data on Japanese defense spending since 1970, both in absolute amounts and as a fraction of total government spending and GNP. In 1980, after a heated debate within the government and the party in power during the budget compilation process, the Japanese government decided to increase defense spending for fiscal 1981 by 7.61 percent over that of the previous year. This figure was lower than the 9.7 percent raise requested by the Defense Agency. The U.S. government had also made it clear that it regarded a 9.7 percent increase in Japanese defense appropriations as the minimum. Thus, the Agency and the U.S. government were both unhappy with this decision. However, it was considerably higher than the 4.3 percent increase in appropriations for general expenditures in the budget. The Japan Socialist

Party and the Japan Communist Party charged that the government was giving "priority" to defense at a time when the administration was cutting down on social spending in order to contain budget deficits. They also charged that the government had embarked on a course that would make Japan a large, expansionist military power.

Japanese newspapers, which are usually critical of any defense build-up, gave two contradictory assessments of the 7.61 figure. One article accused the government of giving preferential treatment to the defense budget. It indicated that the budget was extremely tight as a whole, with the lowest increase since 1958. A 7.61 percent increase for defense was greater than that for most other categories, social security expenditure (7.60 percent) in particular. Another article in the same paper gave the government credit for making a more than two percent cut in the 9.7 percent increase requested by the Defense Agency, thus resisting strong American pressure and the "rightward shift" in the Japanese political climate during 1980.

These contradictory evaluations stem not only from differences in policy preferences, but also from differences in the perspective from which one views the budget process. When one views the 7.61 percent increase from a broad perspective (that is, in the context of the rightward shift in Japanese politics in the late seventies and the "Second Cold War" following the Soviet invasion of Afghanistan), it is not unreasonable to view the increase as the fruition of persistent efforts by right-wing groups to force an increase in the level of defense spending, which had stagnated during the seventies. On the other hand, when one focuses upon the budget process itself,

beginning in August 1980, it could very well be argued that the 9.7 percent raise, virtually promised to the United States in June 1980 by the late Prime Minister Ohira Masayoshi, was trimmed back to the seven percent range by rising domestic criticism. First, I would like to look at the issue in the wider perspective and examine the making of the defense budget for fiscal 1981 in that context.

By the summer of 1980, a number of factors had emerged that lent weight to the argument for an increase in the defense budget. Above all, the marked increase of Soviet naval forces in the Western Pacific and the Soviet invasion of Afghanistan provided hawks with an excellent justification for their arguments for building a larger defense capacity. The growing pressure from the U.S. government to increase the Japanese defense budget was felt by all policy-making elites in Japan. These factors contributed to the "preferential treatment" given to defense at the budget request stage in late July, in spite of the Finance Ministry's policy of reducing the budget in order to rebuild deficit-ridden state finances. Thus, The Japan Times wrote on July 30:

The Finance Ministry has decided to severely scrutinize budget appropriations in fiscal 1981, beginning next April, in order to cut swollen fiscal deficits and thus apply a low ceiling on budgetary requests. The ministry policy will bind other ministries and agencies, excepting those such as the Defense Agency, to strictly observe the 7.9 percent increase guideline in preparing their budgetary requests for the fiscal year...

Defense Agency Director General Joji Omura Monday won Finance Minister Michio Watanabe's agreement to increase defense spending in fiscal 1981 by 9.7 percent. Watanabe agreed to exempt fiscal 1981 defense spending from the 7.9 percent guideline in view of the growing pressure from the United States to increase the defense budget. 4

Until the mid-seventies, the LDP government, under the leadership of successive Defense Agency Director Generals recruited from among LDP moderates, restrained and slowed down its defense build-up program. This policy was primarily due to two factors: international detente, symbolized by the Soviet-American and Sino-Japanese rapprochement as well as SALT I, and the domestic financial crisis that followed the first oil crisis. The Fourth Defense Build-Up Plan (1972-76), drafted by the Defense Agency under Director General Nakasone Yasuhiro, had to be scaled down substantially before it received final cabinet approval. Furthermore, unlike the three previous five year defense plans, even this modest target could not be reached. Many programs were left out and the next long-term plan was not even drafted.

Under the dovish Miki administration (1974-76), Defense Agency Director General Sakata Michita gave positive meaning to this slow down, linking it to detente. When he assumed office,

"the budget outlook was unpromising, and the price of weapons was rising rapidly... Mr. Sakata saw no likelihood of substantially improving the Defense Force's weapons and equipment... Consequently, instead of clamoring for budget increases and legitimacy for the Defense Agency and the Self Defense Forces, Minister Sakata directed the Defense Bureau to prepare a White Paper that would reassure the Opposition and the doves --a White Paper free of the hawkish arguments that characterized previous Defense Agency publications. 5

In addition, he launched a series of public relations activities to gain public support and greater legitimacy for the SDF. At the same time, he formulated a new concept known as "the basic standing force" to justify his scaling down of defense programs on the basis of a new strategic doctrine. It assumed that detente would continue for

at least ten years. In this context, the cabinet made a formal decision in November 1976 to keep annual defense spending under one percent of GNP for the time being.

It should be noted, however, that Sakata also initiated an important innovative policy, which broke a taboo in Japanese politics and antagonized the opposition parties. What Sakata wanted to do was to lay the groundwork for joint operations between American armed forces and Japan's Self Defense Forces to take place in times of emergency. Sakata's proposal was partly the result of the scaling down of the Japanese defense capacity, which necessitated closer ties with, and a larger dependency upon, the American military. At a meeting with U.S. Secretary of Defense Schlesinger in August 1975, Sakata proposed that a bi-lateral committee be established to examine problems related to the conduct of joint operations. An agreement made at this meeting set the opening of negotiations for a series of proposed joint exercises to be conducted in the late seventies.

Director General Kanemaru Shin of the Fukuda administration continued Sakata's policy and appealed to the public more openly, emphasizing the necessity of an increased defense preparedness. The debate on revising the war-renouncing Article 9 of the Constitution was revived with the purpose of giving a more unambiguous legitimacy to the Self Defense Forces. Resistance of the opposition parties to the "rightward shift" remained weak through the late seventies, and Sakata's efforts proved to have contributed to the favorable conditions that led to the gradual increase in defense capacity.

The December 1979 Soviet invasion of Afghanistan precipitated this trend to the right within the LDP. That following June, the

LDP won a landslide victory in the general election. Although the victory was not attributable to the international situation nor the appeal of the above hawkish positions, the party gained increased freedom of action in the Diet. On the other hand, the American government began to urge that Japan accept a larger role in the defense of the West and pressured specifically for an increase in the 1981 defense budget. The U.S. Congress also denounced Japan for enjoying a free ride on defense. Unresolved economic issues between the two countries tended to get twisted in with the security issue. As a result, support for increased defense spending gained momentum even among those Japanese political elites who did not believe in the seriousness of the Soviet threat. It was felt that in order to soften American pressure on trade issues, Japan had to increase its defense appropriations. That is, even though they were somewhat skeptical of America's interpretation of the international situation, Japanese political elites were ready to accede to the American defense request in order to maintain good relations with the United States. This opinion was widely held, not only in the LDP and the Defense Agency, but in the Foreign Ministry, MITI, and the business community as well.

In this political climate, the Defense Agency was allowed in late July 1980 to request a 9.7 percent increase for fiscal 1981. While all other government ministries were instructed to hold their initial budgetary request within a 7.5 percent increase (this practice is called "ceiling"), the Defense Agency was made an exception. Thus, the Agency requested expenditures of 2.4 trillion yen, exact-

ly 9.7 percent above the fiscal 1980 allocation. When extra funds for an inflationary adjustment on personnel expenditures were added, the defense budget increase was expected to be about 12 percent. Moreover, Finance Minister Watanabe responded favorably, although vaguely, to a further request for funds to cover "situational changes".

In retrospect, the agreement on the request ceiling proved to be critical for the final decision of the 7.61 percent raise, for the ceiling became the framework within which later political conflicts evolved. In other words, the political process which followed was a "fine tuning" of figures under the ceiling. It seems, however, that the Agency was not well aware of the significance of the ceiling decision. Due to this cognitive failure, the Agency committed two tactical errors. First, it remained ambiguous at this stage as to whether the 9.7 percent included the extra funds needed for the inflationary adjustment for personnel expenditures. (The adjustment is usually two or three percent.) The top government leaders deliberately kept this point vague in order to retain maneuverability in the later stages. The Agency began regularly-scheduled budget negotiations with the Finance Ministry without clarifying this point in advance. As will be pointed out shortly, the hawkish consensus quickly broke down when the budget-making process moved into full swing, because at this time policy groups began to compete with each other for favorite programs. Therefore, the only time the Defense Agency could have excluded annual personnel pay raises from the 9.7 percent was when the agreement on the

ceiling was being made. However, the Agency missed this opportunity, and ultimately lost its battle with the Finance Ministry over this issue. Thus, the defense budget increase would be held to a maximum of 9.7 percent, which included the estimated 2.2 percent raise in personnel pay. This was, of course, contrary to the understanding with the United States.

Secondly, the Agency did not make another request. The initial request was exactly that of the established ceiling. It was expected that the Finance Ministry would trim back the request somewhat, and that it was impossible to get a 9.7 percent increase without requesting more than that amount.

To begin with, the Foreign Ministry and pro-defense Diet members expressed their discontent with the Agency for the latter's ready acceptance of the 9.7 percent increase ceiling in the summer. This passive attitude of the Agency was in part attributable to the fact that its top positions, including the Accounting Division Director, were mostly occupied by people who had been temporarily transferred from the Finance Ministry. They thus tended to sympathize with the Finance Ministry's desire to reduce the size of the budget. In addition, Defense Agency officials are by tradition overly-sensitive to public criticism, which hindered them from taking advantage of changes in the political atmosphere. By requesting an amount within the ceiling, they abandoned their aim of attaining the 9.7 percent increase.

Thus, by the summer of 1980, it was practically decided that the defense budget increase would fall within the 7 and 8 percent

range. The budget-making process thereafter revolved around the question of how the Finance Ministry and dovish LDP politicians, supported by public opinion, would trim its size, and how the Defense Agency and pro-defense Diet members would resist. In the following section, I will examine this process by focusing upon intra-party groups.

III. INTRA-PARTY POLITICS

Among the intra-party groups favoring a larger defense budget was one commonly called the "Kokubōzoku" (Defense Tribe) or "Kokubō Giin" (Defense Dietmen), which attracted the most attention because of its highly visible activities. The members of this group are leading members of the Defense Division and the Investigative Commission on National Security, organized within the Policy Affairs Research Council, the most important party organization for policy making. These Dietmen, displaying an unusual intensity, utilized both formal and informal channels in trying to influence the leaders of the LDP, the Cabinet, and the Finance Ministry on the defense spending issue. For example, they frequently held joint sessions of the LDP's committee on defense, including the Special Committee on Military Base Problem, inviting either the Defense Agency's Director General or Vice Director to attend. More frequent were the series of joint sessions held by their chairmen and vice chairmen. In these sessions, they often made resolutions, stressing that the 9.7 percent raise was a minimum demand. With these resolutions in hand, they repeatedly visited the Prime Minister, the Director

of Cabinet Secretariat, the Party "Big Three", as well as the Finance Minister. At the same time, they summoned the Director of the Budget Bureau and/or the concerned Examiner of the Finance Ministry to "explain" their demand and to press for more expenditures for defense.

On December 24 1980, during the final phase of budget-making, more than twenty-five Diet members converged on the office of Cabinet Secretariat Director Miyazawa Kiichi and besieged him for an hour with sharp questions and demands. Pressure of this sort is quite common in Japanese budget politics. As John Campbell has written, "the most common characterization of the (LDP's) division is a 'cheering section', sitting on the sidelines and applauding each move of its ministry as it battles with the MOF."⁶ But Defense Dietmen had never so actively pursued these tactics as they did in 1980.

In spite of these conspicuous activities, however, they were not able to influence the final outcome. There were three reasons for this. First, none of the pro-defense Dietmen were influential party leaders, and the "Defense Tribe" was lacking in skillful and forceful leadership. Second, the Defense Agency and Defense Dietmen did not have the backing of such outside groups as industrial associations or local constituent groups. Third, they did not gain the support of any leading faction leaders. Let us examine these points more closely.

The leading members of the LDP's committees on defense were, among others, Genda Minoru (Chairman of the Defense Division),

Arita Motoharu (Deputy Chairman), Mihara Asao (Chairman of the Investigative Commission on National Security), and Minowa Noboru (Deputy Chairman). They took active leadership roles in the 1980 petitioning. None of them, with the possible exception of Mihara, were powerful members of the LDP, however, nor did they enjoy easy access to the LDP leadership. Genda, the most active of the four men, had been concerned strictly with defense for many years, and tended to be isolated because of his extremely hawkish ideology and his rather arrogant personality. (He is an ex-servicemen with combat experience in World War II. He also served in the Self Defense Air Force.) With his technical expertise and unusual enthusiasm, he was regarded as the leader of the "Defense Tribe". He lacked, however, a leadership position within the LDP, where practical compromise and financial power are respected and necessary.

Their lack of access to the top LDP leadership was borne out when the top leaders decided once and for all to trim the defense budget increase back to the seven percent level. They had difficulty persuading the Defense Dietmen to "take down the flag". Even after the Director General and other officials of the Defense Agency accepted compromise at the final stage, these supporters continued to call for the original target. Finally, Ex-Director General Mihara, one of the leading Defense Dietmen, was given the task by the LDP leaders of convincing the others to accept the compromise settlement. He was the only person who could serve as a "pipeline" between the top leaders and Defense Dietmen. The lack of harmonious communication and understanding between these two groups made his a particularly difficult task.

There was another factor which prevented the effective influence of these Defense Dietmen. In addition to their defense lobbying, most of them had to devote their efforts to promote other budgetary programs that appealed to their constituents. For example, most Defense Dietmen are backed by veterans and war-bereavement associations. The Finance Minister could, and did, threaten them by suggesting that an increase in defense spending would lead to reduction in veterans' and war-widows' benefits.

In addition to the above Defense Dietmen who devoted most of their energies to the defense budget, there were a few influential LDP politicians who were sympathetic to the requests of the Defense Agency. Typically, they had become familiar with defense issues while serving as the Director General of the Defense Agency at one time or another. They were, for the most part, senior LDP members, and had acquired practical bargaining skills. They were, among others, Kanemaru Shin, Sakata Michita, and Hosoda Kichizō. (Mihara can also be regarded as part of this group.) These Dietmen were mostly second-ranking members in the party hierarchy and hence could have contributed more effectively to the realization of a larger defense budget than the above mentioned Defense Dietmen. However, they were too preoccupied promoting the programs of other ministries to devote much of their time and resources to the defense budget. For example, Kanemaru was head of the "Highway Construction Tribe", while Sakata, as a leading member of the "Education Tribe", was involved in the education budget.

More importantly, however, they contrasted with "mainstream"

Defense Dietmen who argued single-mindedly for a larger defense budget, by being ideologically moderate and more sensitive to public opposition. When these individuals held the office of Agency Director General, each had made strenuous efforts, through vigorous public relations campaigns, to make the Self Defense Force more acceptable to the general public, sometimes even at the expense of a larger defense buildup. Although these Dietmen were deeply concerned with the problems faced by the Agency and generally sympathetic to the Agency's requests, they held independent judgements on what defense policies should be. In short, they were not mere "cheering enthusiasts" of the Agency. Their long record in party politics, combined with actual experience in defense administration, made their arguments seem sophisticated and convincing, at least to the top LDP leadership. Thus, their influence was often critical. Sakata, for example, worried that a too-rapid increase in defense spending would undermine those positive images of the Self Defense Forces that had been cultivated with the public, and could easily stimulate anti-military sentiments. He therefore opposed the large increases requested by the Agency in 1980. It seems that his argument was taken seriously by Prime Minister Suzuki and was reflected in the final governmental draft for the 1980 budget.

Meanwhile, the LDP's Investigative Commission on Foreign Policy and the Foreign Ministry, which had at first eagerly supported the Defense Agency's request out of their own concern over Japan's deteriorating relations with the United States, came to be preoccupied with their own programs, which included the Official Development

Assistance Program. As a result, their support of the Agency dissolved, once the budget-making process moved into full swing. Because the budget-making process was concentrated into a few months, the Agency was unable to overcome its isolation vis-a-vis the powerful Finance Ministry. In other words, the hawkish consensus within the LDP, created in the spring and summer, did not materialize into an effective force to influence the budget. It remained a "silent majority".

More fundamentally, however, the limits of the Defense Dietmen's impact stemmed largely from the fact that they did not enjoy powerful sponsoring groups. The Japanese defense industry and its unions did not have established, powerful lobbying groups to levy political pressure. The Dietmen's pressure was primarily based upon a "philosophical argument", rather than the weight of "interest". In this sense, their demand was unique, for in the LDP most Dietmen represent certain sectional interests. A Finance Ministry official, when interviewed, said that Dietmen never intervene specifically to sponsor a particular procurement project or to back a defense corporation, at least at the budget-making stage. Lobbying efforts are directed exclusively towards the total amount of the defense budget. This contrasts sharply with the "Highway Construction Tribe" and the "Education Tribe", who lobby for their electoral districts or for their sponsoring companies, as well as for increases in the total budget. Other evidence also backs this observation. If this indeed is true, then defense budgeting is not involved in regular LDP patronage politics. This is partly due to the fact that the

selection of specific armaments and the resulting contracts are established during the process of making the long-term (usually five year) defense buildup plan. But there are more important structural factors.

First, the Japanese defense industry has not grown large enough to affect the economic stability and employment opportunity in any particular district, not to mention the Japanese economy as a whole. It constitutes only a maximum of 0.3 to 0.4 percent of the total national industrial output. The Finance Ministry has long been deeply concerned with the potential problems of military industry, and has made conscious efforts to prevent a "military-industrial complex" from emerging in Japan. The MOF has rejected repeated requests from MITI and the Defense Agency to develop the Japanese arms industry. The banking community has also been negative towards the defense industry because of its fluctuating demand structure, and has abstained from investing funds in arms. Without the financial backing of the government and the banks, the Japanese defense industry could not expand, or even survive. The government, including the Defense Agency prior to 1970, has mostly preferred to import less expensive American weapons rather than embark upon costly domestic research and development ventures. This has resulted in a poorly developed Japanese defense industry.⁷ Hence, few Dietmen, if any, have an electoral district with a large armament industry. Unlike their American counterparts, Defense Dietmen in Japan are not connected to defense corporations and related unions in their home districts. This is reflected in their "philosophical approach"

to the defense budget.

It is sometimes pointed out that the recent hawkish positions taken by Democratic Socialist Party members reflect their representation of defense sector labor union interests. In my view, this statement is rather exaggerated, although it is undeniable that a few labor unions in the defense sector lobby for the defense industry through the DSP. In any case, Defense Dietmen in the LDP do not appear to be under pressure from their constituencies.

Secondly, as the Lockheed scandal revealed, the LDP faction leaders are heavily involved in the clandestine selection of aircraft, with each party boss being supported by a particular American aircraft corporation and its representative in Japan. (Except for aircraft, bribery is rare in Japanese defense procurement. Most decisions are made in an institutionalized way, which makes it difficult for a single politician or senior bureaucrat to influence the outcome. During the 1950's, competition among the armament industries, with the exception of aerospace, was minimized through MITI's administrative guidance, and new entry has been strictly controlled.) As far as we know, the corruption extended only to the question of choosing a company rather than the larger issue of whether or not to increase the size of the defense budget. In other words, the defense industry as a group has not lobbied seriously for a larger defense budget, although industrial associations periodically submit such requests to the government. Evidence cannot be found to support the argument that the defense industry put pressure directly on the

Finance Ministry or government and party leaders during the fiscal 1981 budget making. True, such a conclusion must be tentative because of the nature of the channels of influence. But it is undeniable that the industry's influence was insufficient to overcome the reluctance of the top government leaders to increase the defense budget.

Defense issues, like foreign policy issues, are unpopular with the ordinary Dietman, because they do not help him cultivate electoral support at the constituent level. If he is too preoccupied with defense issues to care for his constituency, he is likely to lose his reelection bid. This had actually happened to a considerable number of Dietmen, the most notable example being Hoshina Zenshiro, the top leader of the "Defense Tribe" in the sixties. Hence, the Defense Agency has enjoyed only a limited support, at best, from ordinary Dietmen.

To summarize, the pressure for a larger defense budget simply reflected the rightward ideological shift within the LDP and was not deeply tied to the basic power structure of the party, namely the politics of money and patronage. In interest politics, the role of ideology is greatly diminished. Therefore, conservative politicians did not need to rely upon hawkish appeal to mobilize voters. They had a safer method, the patronage of sponsoring companies and the granting of favors to voters. The politics of interest have prevented, or at least slowed down, a new cold war ideology (in terms of a Soviet military threat) from penetrating the masses. This accounts for the weak influence of Japanese

Defense Dietmen. They were not in the mainstream of Japanese politics.

The responses of faction leaders to the defense budget was another critical factor. The attitude of the Fukuda faction was the most critical, because Fukuda Takeo, Ex-Prime Minister, and his junior partner Abe Shintarō had expressed sympathy for the hawks. Had they wanted to, they could have reversed the decision in favor of the Defense Agency. Fukuda's support was indispensable to the stability of the Suzuki administration while Abe was one of the Party "Big Three", the Chairman of the Policy Affairs Research Council, which is one of the most critical positions for aggregating party budget demands.

Coalitions between policy groups and factions were by no means rare in the 1980 budget formation process. For example, the "Postal Service Tribe" and the Tanaka faction joined forces to pressure the government to establish the Postal Voluntary Pension Fund. Diet members connected to the Postal Service demanded it openly, while the Tanaka faction wielded influence behind the scenes.⁸ A similar coalition was made in opposition to the Finance Ministry's plan to discontinue the provision of free textbooks to public school pupils. "The Education Tribe" approached the Fukuda faction in order to gain its support on this issue. The "Defense Tribe" could have made a similar alliance with the Fukuda faction.

In fact, many members of the Fukuda faction, together with those of the Nakagawa faction (another hawkish faction), stormed into a joint session of the LDP's committees on defense on December 23.

They expressed their firm support of the Agency's requests. They were deeply disturbed by the ongoing budgetary negotiations and afraid that Suzuki's policy would prevail unless they did not help the Defense Agency. This sort of pressure was quite disturbing, particularly at this final stage of budget making. It could have turned the final hectic moments of budget negotiations into chaos, and driven the Suzuki Cabinet, which was administratively responsible for the smooth compilation of the budget, into a corner. As a result, the government leaders used various channels to approach Director General Ohmura and pressed him to moderate the Agency's demands.

As this episode suggests, a move by the Fukuda faction could have easily led to a power struggle, crossing beyond normal policy conflicts. Since summer, the defense budget had attracted great attention within the LDP, and the Prime Minister regarded it as a most important item, to be decided at the top. If Fukuda wanted to intervene, he had to be prepared for a possible change in party leadership, or worse, a split in the LDP. This made him cautious and restrained. The Suzuki faction, in turn, had to suppress, at all costs, the demands for a larger defense budget issued through factional channels. It was due to this sort of factional consideration that Ex-Director General Kanemaru, a leading member of the Tanaka faction (one of the mainstream factions), kept silent throughout December, in spite of his sympathy for larger defense expenditures. Kikaidō Susumu, another leading member of the Tanaka faction and one of the Party "Big Three" (Executive Council Chairman), showed a similar attitude throughout the 1981 budget compilation

process. Thus, serious restraints were imposed after December 10, when Prime Minister Suzuki made his position clear to the party. Open challenges could not be made thereafter.

The above analysis clearly indicates that budget making is regarded as an important administrative responsibility, which is supposed to be discharged smoothly by the Cabinet and hence by the mainstream faction. Its time schedule is fairly constrained. Any disruption would pose a serious challenge to the administration. As a result, party leaders rely upon party discipline to settle controversial items in order to meet the deadline. This results in a conservative tendency in budget making. It was therefore necessary for Director General Ohmura and Vice Director Hara, both senior members of the administration, to persuade Defense Dietmen to accept the cuts at this final budget-making stage. Another moderating factor was the incrementalism which is inherent to budget making. Incrementalism tends to maintain the status quo by militating against substantial raises as well as against substantial cuts. For example, although pro-welfare Diet members were in a less favorable position than their pro-defense counterparts, they were able to gain an increase in social security expenditures due to this principle.

Incrementation in budgeting is a common phenomenon found in any industrialized nation. In Japan's 1981 budget, the Defense Agency's demands were restrained directly by the Finance Ministry, and indirectly by the other ministries and their supporters. Top government leaders and the Finance Ministry were afraid that if they accepted the defense budget increase as requested, they would be unable to

force other ministries and their supporting groups in the LDP to moderate their demands. In fact, after seeing the Defense Dietmen receive "preferential treatment" for the defense budget in the summer, other LDP committees were encouraged and began pushing to have their budgets exempted from the restrictive guidelines as well. Party leaders were deeply disturbed by these moves which were stimulated by the "preferential treatment". They therefore tried to retreat from what seemed to be a clear cut priority given to defense. The top leaders belatedly realized that a disproportionately high increase in defense spending would have serious implications for the budgets in other sectors and for the budget process as a whole.

The Finance Ministry wanted to impose unprecedented restraints on the total budget size for fiscal 1981. As a result, the zero-sum relation between the defense and other budget categories was felt more keenly in 1980 than in any previous year. Thus, defense sympathizers who belonged to the other "Tribes" kept silent. Furthermore, "Welfare Dietmen" launched a severe attack specifically against defense budget increases, an unusual practice in Japanese budget-making. Health and Welfare Minister Sonoda Sunao, a powerful LDP member, led the LDP's Social Division's criticism of the priority given to defense. He argued that social security expenditure increase should be at least in balance with the defense budget. His argument was accepted by government leaders. Therefore, on December 11, Suzuki said that the defense buildup should be carried out step by step, taking into consideration welfare, education and

other major expenditures, because a sudden increase in defense spending would create resistance.

IV. THE ROLE OF PUBLIC OPINION

It is insufficient to explain the reduction of the defense budget raise solely by such negative factors as the lack of the Defense Dietmen's influence and incrementalism, for conscious efforts were made by the top LDP leaders to scale it down. Ex-Prime Minister Ohira Masayoshi (1979-80) held to his "low posture" policy in international politics, and Suzuki, his immediate successor, attempted to maintain the same stance. This policy was firmly rooted in the post-war Japanese tradition of economic rationalism, and had contributed to the great successes in economic development. Japanese political elites were deeply committed to this line and felt no need to abruptly change it. This thinking was a major factor in the different interpretations of Soviet intentions that arose between American and Japanese political elites.⁹

However, more important in the context of this analysis was the fact that Japanese leaders felt constrained by possible public reaction. A detailed examination of the 1981 budget process clearly shows that Suzuki at first tried to avoid imposing his own preferences on defense. At least, he wanted to assume that posture. It was early December when he began to assert his leadership. A most critical decision was made on December 10, when Suzuki summoned top career officials of the Foreign Ministry and the Defense Agency in order to unify opinion before his meeting with U.S. Secretary of Defense

Harold Brown. This was just before Brown's visit to Japan to demand from Suzuki a larger defense buildup. At this preparatory meeting with Suzuki, both officials urged that the 9.7 percent increase was indispensable to sustain the good will of the U.S. government. Suzuki reportedly admonished the officials, replying, "It is wrong to think that the failure to meet the American request will hurt the bond of trust between Japan and the United States." He then instructed them to trim back the defense budget request. On the following day, he told Brown that the 9.7 percent increase would be difficult, given present domestic conditions. He specifically explained the need to "balance" defense spending with appropriations for social welfare, education and other key programs within the framework of the budget austerity policy. He stressed the importance of gaining the understanding of the people.

A few days later, Suzuki discussed the content of his talks with Brown with other top government and party leaders. Echoing Sakata's argument, he reportedly said, "Recently, we have been witnessing the long-awaited elevation of defense consciousness among the Japanese people. Meanwhile, we are also encountering the difficulty of trying to raise taxes to rebuild state finances. If we push too hard now, this favorable consciousness might recede... We cannot take the chance of increasing the defense budget disproportionately, at the risk of inviting criticism and damaging the emerging consensus on defense."

After Suzuki made his intentions clear, the Party "Big Three" individually expressed their support of Suzuki's decision. The

"public pledge" to the United States thus was made meaningless. The Japanese government had rejected the request by its "elder partner" in an unprecedentedly blunt way. Next, the Defense Agency altered its object to one in which it would replenish front line equipment under the limited budget, at the expense of personnel expenditures. The Agency wished to soothe possible American frustration by incorporating, as much as possible, American proposals on specific defense buildup programs. Consequently, the cooperative planning and operations that existed between the militaries of the two countries were promoted. Beyond this point, particularly after December 20, the Agency became increasingly annoyed with the Defense Dietmen's continued demands for the original target.

Suzuki justified his decision to the U.S. government and Japanese political elites in two ways. He argued for "balance" on the following grounds: First, he emphasized, "If defense were given prominent preferential treatment, opposition would grow among the people against the defense budget itself. The result would be the creation of obstacles to any long-run defense buildup." He used this justification at the meeting with Secretary Brown. He also tried to convince the Defense Dietmen by advising them to take a long range perspective. Secondly, he said, "A disproportionate increase in the defense budget at the expense of direct services to the people, like social welfare, would create a negative popular reaction against a possible tax increase. It would endanger the rebuilding of state finances, which is by itself an inherently difficult task." He emphasized this point to the business community as

well as to party leaders who were deeply concerned with the "fiscal crisis".

His arguments assumed that the rightward shift in public opinion had not gone far enough to make the people accept an "unbalanced" increase of the defense budget. (It seems that Suzuki judged that the people would not be opposed to a defense budget increase unless it was accompanied by a tax raise or by a reduction in welfare expenditures.) As a professional party politician with a long career, he was confident of his own judgement. Furthermore, he believed that one of the most important missions of his administration was to rebuild state finances and solve the financial crisis. He was, and still is, a strong economic traditionalist. He believed that the national deficit was the most pressing problem and had to be solved quickly. In other words, his thinking was governed more by the approach of the Finance Ministry than that of the Defense Agency, the Foreign Ministry and the U.S. government, which insisted that defense was a much more urgent problem than finance. In the end, he was more concerned with domestic issues than international ones.

In any event, the reluctance of party leaders to implement an increase in defense spending stemmed from their concern over possible public reaction. Rank and file members of the LDP shared this opinion and concern. Regardless of individual feeling about the international situation and ideological orientations, LDP members shared a consensus over the voter's anticipated reaction to an unprecedented increase in the defense budget.

In order to be reelected, every Dietman must maintain close contacts with his constituents. He returns to his home district

every weekend even while the Diet is in session. In short, he is forced to be sensitive to public opinion. The top leaders, for their part, watch the changing tide of public opinion, which is reflected in local and national elections. The LDP politicians attributed the general election defeat of 1979 to Prime Minister Ohira's outspoken appeal for a tax raise to solve the financial crisis. The tax increase issue thereafter became a taboo topic during election campaigns. In 1980, many conservatives were afraid that the defense budget would become intertwined with the sensitive taxation issue. The LDP's landslide victory in 1980, in their estimation, was due to the careful avoidance of this tax issue.

Moreover, at the same time, LDP leaders did not want to endanger the fruits that had accrued from their long-term low posture approach to the defense budget, especially since it was felt that Director General Sakata had created positive popular attitudes towards the SDF. The party therefore showed a realistic (or opportunistic) appreciation of public opinion. They knew well that this sort of realism had contributed to the stable one-party system that had dominated Japan for more than twenty-five years.

Therefore, public opinion, through the law of anticipated reaction, kept defense increases in "balance" with other expenditures. The LDP played the role of translating public opinion into the budgetary process. Its influence was comparable to, if not greater than, the budget control exercised by the "omnipotent" Finance Ministry.

V. CONCLUDING REMARKS

Utilizing Theodore Lowi's three-fold classification of issue arenas.¹⁰ I will summarize the above arguments in terms of the LDP's influence on defense budget-making.

First, as far as defense procurement is concerned, the particularistic intervention of party politicians normally present in Japanese politics is not evident at the time of the budget process. This is due partly to the fact that armaments are selected at the time of the making of the long-range defense build-up plan. More fundamentally, however, the leading members of the defense-related committees in the LDP are not interested in, nor capable of, influencing specific decisions on procurement. Their only concern is to raise or restrain total defense expenditures. They are willing to leave specific defense procurement decisions to the Defense Agency. In this respect, they are ideologically rather than interest oriented. One of the important reasons for this lack of particularistic intervention is the poorly developed Japanese arms industry. Few Diet members, if any, have home districts with large armaments industries. Unlike the United States, "Defense Dietmen" are not tied to defense corporations and their unions. This explains their lack of concern for procurement, and also their weak position within the LDP, where power stems mostly from financial sources.

Second, it is undeniable that the influence of the pro-defense Diet members increased substantially during the 1970's at least vis-a-vis the Defense Agency. In the late sixties, the leading members

of the defense committees of the LDP were mostly ex-military officers ideologically and personally connected with the pre-war armed forces. Having been military leaders, their perspectives were narrow, and their attitudes often arrogant. Hence, they tended to be isolated within the LDP. During the seventies, several influential LDP Dietmen were appointed as the Defense Agency Director General. (Director General is a ministerial rank.) After serving as the Director General for about one year, they were placed in leading positions in defense-related committees and corresponding "Discussion Groups" of the LDP. Although these new "Defense Dietmen" concurred with the older pro-defense Diet members in their sympathies for the Defense Agency and in their technical understanding of defense problems, they were more moderate ideologically and were more sensitive to both mainstream LDP thinking and public opinion. Since these newcomers rank just below the leadership in the party hierarchy, they have played an active role in promoting defense policy, including the gradual defense budget increases.

Meanwhile, in the mid-seventies, young Dietmen began to join the "Defense Tribe". Most of them were nationalistic and fervently anti-communist. However, they had not yet assumed governing responsibilities in the administration or in the party. In other words, they had not been fully socialized into the LDP. They tended to follow the leadership of the older pro-defense Dietmen. By 1979 these three groups together had contributed to the gradual increases in the defense budget.

On the other hand, in 1980, the "Defense Tribe" was split into two groups along the lines that have already been described. One group was unrelenting in its demand that the original 9.7 percent target be adopted, while the other tended to take other problems into consideration, which softened their position on defense spending. Although the former group constituted a majority of the pro-defense Dietmen, they were less powerful within the LDP, and their impact upon the defense budget was limited. Yet, it should be noted that the strong pressure exerted by these Diet members, though unsuccessful, was without precedent in the budget-making process. Their activities left the impression among other LDP members that the "Defense Tribe" had significantly increased its power amidst the "rightward shift" in Japanese politics.

As for the second group, the attitudes of its members were more complex. Sakata, for example, was cautious about increasing the defense budget too rapidly because he feared that it might stimulate popular anti-militarism. He therefore cautioned the party not to enlarge the defense budget to the extent requested by the United States. Kanemaru was too busy with the construction budget. Moreover, he was restrained by factional considerations. He wanted to leave the decision to the Prime Minister. Hosoda, a senior member of the Fukuda faction, seemed to take a similar position. Thus, in 1980, the influence of pro-defense Dietmen as a whole was rather limited.

Thirdly, and most important, the Prime Minister's opinion was crucial in deciding defense expenditures for fiscal 1981. He made

clear his intention to reject American pressure and the Defense Agency's request just before Secretary Brown visited Japan. When the Prime Minister insists, no one can resist. Knowing this, Suzuki personally intervened in the defense budget-making process, considering the problem too important to be left to bureaucrats. As was pointed out earlier, his intervention was motivated by a deep concern over the reaction of the mass media and the public. Like other controversial issues, the decision was made by the top LDP leadership.

I have argued that as far as the making of the defense budget is concerned, the LDP's influence is more powerful than the popular view suggests, and that this influence increased substantially during the seventies. It is noteworthy, however, that in 1980 LDP politicians were almost exclusively concerned with the total amount of defense expenditures, because it was given symbolic importance in Japanese politics. They left decisions on the specific content of the budget to the Defense Agency. The Defense Agency, in turn, mostly performed the function of restraining and "balancing" the requests made by the individual armed services. Herein lies the important limitation of party influence.

In any event, the party in power, not the bureaucracy, played the dominant role and wielded decisive influence in trimming the defense budget back to the 7.61 level of increase for fiscal 1981.

(Japanese names in the text are written in Japanese order, family name first.)

APPENDIX A

Japanese Defense Spending 1970-1981, Annual Rates of
Growth and as a Percent of Government Spending
and Gross National Product

	Defense Outlays Billion Yen	Growth from Previous Year, %	Defense as a % of Gov't Spending	Defense as a % of GNP
1970	569.5	17.7	7.2	.8
1971	670.9	17.8	7.1	.8
1972	800.2	19.3	7.0	.9
1973	935.5	16.9	6.5	.9
1974	1093.0	16.8	6.4	.8
1975	1327.3	21.4	6.2	.8
1976	1512.4	13.9	6.2	.9
1977	1690.6	11.8	5.9	.9
1978	1901.0	12.4	5.5	.9
1979	2094.5	10.2	5.4	.9
1980	2230.2	6.5	5.2	.9
1981	2400.0	7.6	5.1	.9

Source: Japanese Defense Agency

FOOTNOTES

1. Sigeo Misawa, "An Outline of the Policy-Making Process in Japan", in Hiroshi Ito ed., Japanese Politics -- An Inside View (Cornell University Press, 1973), pp. 20 and 26.
2. Nikō Kawanaka, "Nihon ni okeru Seisaku Kettei no Seiji Katei", translated and cited in Haruhiro Fukui, "Studies in Policy Making: A Review of the Literature" in T. J. Pempel ed., Policymaking in Contemporary Japan (Cornell University Press, 1977), p. 28.
3. Michio Muramatsu, Sengo Nihon no Kanryōsei, Tōyōkeizaishinpōsha, 1981.
4. The Japan Times, July 30, 1980.
5. Martin E. Weinstein, "Trends in Japan's Foreign and Defense Policies", in William Aarnds ed., Japan and the United States (New York: New York University Press, 1979), pp. 160-161. For a detailed analysis of defense policies under Defense Agency Director General Sakata, see my articles in Asahi Jānaru in August and September, 1981.
6. John C. Campbell, Contemporary Japanese Budget Politics (Berkeley: University of California Press, 1977), p. 128.
7. cf. my "Nihon no Gunsanfukugōtai to Zaiseikiki (1), (2), and (3)", Asahi Jānaru, July 18, July 25 and August 1, 1980.
8. See an interesting inside story on the December 31, 1980 issue of Asahi Shimbun.
9. Hideo Otake, "Bōei Futan o meguru Nichibei Masatsu", Keizai Hyōron, July, 1980.
10. Theodore Lowi, "American Business, Public Policy, Case Studies and Political Theory", World Politics, July, 1964.

For basic information, I have relied heavily on three leading national newspapers; Asahi Shimbun, Mainichi Shimbun and Nihon Keizai Shimbun. I conducted interviews with a MOF Examiner for defense and a few newspaper reporters in early January, 1981, and then with Ex-Defense Agency Director General Sakata Michita and DSP Dietman Watanabe Roh in July, 1981. The Japanese version of this paper appeared, with some significant modifications, in the January 30 issue of the Asahi Jānaru under the title, "Boei Yosan o meguru Jiminto no Tonai Rikigaku".

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Peace Studies Program
Cornell University
180 Uris Hall
Ithaca, New York 14853

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